

Request for Proposal for EBT Services (RFP-OSI-0530-204)

Responses to Bidder Questions (June 12, 2007)

For both responses to bidder questions and responses to requests to change RFP requirements and contract terms and conditions, bidders should refer to Addendum 1 of the RFP to see how requirements and contract terms and conditions have been modified. Bidders are advised that the state may or may not have made modifications exactly as requested.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q1.	Section 2.4.1.2 Award Protest, p. 12	Section 2.4.1.2, Award Protest	The California Public Contract Code (PCC) provides for an Alternative Protest Procedure (APP) that may be used in connection with IT-related procurements by the State. (PCC Section 12125 et seq.). Would the State consider adopting the Alternative Protest Procedure in order to obtain the benefits of a streamlined protest process for the EBT Reprocurement?	The state has considered the Alternative Protest Procedure and will not be using it for this procurement.
Q2.	Sec 3., 3.1.3, page 3	Section 3.1.3, Programs Served by EBT	Of the 880,000 cash and food stamp cases, will the State please provide the number of cash-only cases, food stamp-only cases and combined cases?	The number of cash-only, food stamp-only, and combined cases is available in the bidders library in the following document: EBT Statistical Data from March 2007 JPM Invoice.
Q3.	Section 3.2.2.3, Page 7	Section 3.2.2.3, Administrative Application "...The state is currently moving to a browser-based version of the application, the requirements of which are further described in Section 6.7, Administrative Application."	Is it the State's intent to migrate all State and County staff to the browser-based administrative application?	Yes. The state intends to migrate all state and county staff to the browser-based administrative application.

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Q4.	Section 4.4, Summary, page 4	RFP Section 4.4, Transition In the event of a change in contractors, the state will need to transition to a new contractor's system. The state intends to complete this transition no later than 18 months after contract award.	Assuming that 5/1/2008 is the contract award date (Ref: Section 1.10, Key Action Dates), the requirement would be that the transition occur "no later than" November 1, 2009. The expiration date of the current contract is August 2010. Is it the State's intent to terminate the current Contract nine months early?	It is the obligation of the OSI to ensure both that the state's best interest is represented and that public funds are used not only legally but effectively and judiciously. Therefore, the current contract by necessity will be terminated when those EBT services are no longer needed.
Q5.	Section 4.4, Summary, page 5	RFP Section 4.4, Transition If there is no change in contractors, the transition requirements are fewer; however, the Contractor will be expected to implement new functionality, replace equipment, and establish other services, within the same 18-month period.	Assuming that 5/1/2008 is the contract award date (Ref: Section 1.10, Key Action Dates), the requirement would be that the transition occur "no later than" November 1, 2009. The expiration date of the current contract is August 2010. Is it the State's intent to terminate the current Contract nine months early?	It is the obligation of the OSI to ensure both that the state's best interest is represented and that public funds are used not only legally but effectively and judiciously. Therefore, the current contract by necessity will be terminated when those EBT services are no longer needed.
Q6.	Section 5.1.3, B6(c) and Exhibit 5.1, pages 2, 18	RFP Section 5.1.3, Required Forms Requirement #B6: "The bidder shall complete and include in its proposal the following forms: ... c. Statement of Agreement to Meet All Requirements (see Exhibit 5.1)..."	Would the State clarify that this form commits the Contractor only to the requirements, terms, and conditions that are agreed to upon Contract execution? This would mean that the original requirements, terms, and conditions <i>may</i> be modified through the clarification and negotiation process.	RFP Section 5, Exhibit 5.1, Statement of Agreement to Meet All Requirements, commits the Contractor to the requirements, terms, and conditions in the final version of the EBT RFP-OSI-0530-204 at the time the bidder's final proposal is submitted. Bidders are advised the state, except for an extraordinary situation, does not intend to negotiate requirements or contract terms and conditions.

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Q7.	Section 5.2, B7-B28, pages 4 - 10	RFP Section 5.2, Preference and Incentive Programs	Would the State clarify if a large business can use a subcontractor that qualifies as a TACPA, EZA, LAMBRA, or Small Business in the State of California, and obtain the preference points associated with the incentive program?	The TACPA, LAMBRA, and EZA preference programs apply only to California-based firms that would be serving as the prime contractor on this procurement. A prime contractor may use subcontractors to obtain the Small Business Preference. For more information please refer to the Department of General Services' websites provided in RFP Section 5, Administrative Requirements.
Q8.	Sec 5, 5.2.4, page 5	RFP Section 5.2.4, Disabled Veteran Business Enterprise (DVBE) Participation Program	Does the State have a web site that would provide a listing of certified DVBEs?	A listing of certified DVBEs is available at the following website: www.osmb.dgs.ca.gov .
Q9.	Section 5.4, B41, page 5	RFP Section 5.4, Bidder Past and Current Performance The bidder shall submit a completed Prime Contractor EBT Customer Reference Form (refer to Exhibit 5.5) for each customer reference in its draft and final technical proposal.	Can a bidder use the State of California as a reference? If this is the Contractor's largest customer, is it permissible to include the Office of Systems Integration as a reference in the proposal?	Yes. The bidder may use the State of California EBT Project as a reference if it is one of the bidder's three largest customers.
Q10.	Sec 5, 5.5, page 12	RFP Section 5.5, Letter of Credit	Would the State accept a bond instead of a Letter of Credit?	No. The state will not accept a bond instead of a Letter of Credit.
Q11.	Section 5.8, B70, page 16	RFP Section 5.8, Response to Business and Technical Requirements The bidder's response to each requirements set shall include all of the	Paragraph B requests "A description that demonstrates the bidder's understanding of each requirement set." What kind of information is the State seeking in response to this part of Requirement B70? An example would be helpful.	Describe the bidder's understanding of the underlying business and technical needs and the relevance of the requirements in providing quality EBT services. Because this is a scored component, the state chooses not to provide an example.

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		<p>following:</p> <p>A statement that the bidder will comply with the requirements in that requirements set.</p> <p>A description that demonstrates the bidder's understanding of each requirements set.</p> <p>A description of how the bidder will meet the requirements in that requirements set.</p>		
Q12	Section 6.2.11, Contractor EBT County Transition Leads, pp. 10-11	RFP Section 6.2.11, Contractor EBT County Transition Leads	Given the description of the county transition leads, it seems that the most important set of skills is the ability to work effectively with counties and manage complex transition projects, not necessarily EBT-specific expertise. Will the State consider allowing system and operational transition experience only and not requiring EBT experience?	No. The state will not consider allowing system and operational transition experience only. EBT experience is required.

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Q13	Section 6.3.2, page 13	RFP Section 6.3.2, Project Management Requirements, <u>46</u> The Contractor shall prepare a transition workplan using the state-provided project workplan template and instructions, as presented in the Schedule Management Plan (available in the bidders library).	In RFP Requirement #46, it states that the "Contractor shall prepare a transition workplan using the state-provided project workplan template and instructions, as presented in the Schedule Management Plan (available in the bidders library)". (We) have pulled the Schedule Management Plan from the Bidder's Library and the Plan does not contain a workplan template. Will your office be providing a template or should the Bidder build the workplan based on the instructions provided in the Schedule Management Plan?	The Contractor should prepare the transition workplan using the instructions provided in the Schedule Management Plan. RFP Section 6.3, Project Management, Requirement #46 will be modified and included in an upcoming addendum.
Q14	Section 6.4 Account Structure, pp. 14-15	RFP Section 6.4, Account Structure Section 6.4.1 Background	The last line of the fourth paragraph on page 14 states, "... a cardholder will never have more than one (1) active EBT card." The first line of paragraph four on page 15 states, "A client may be a cardholder on multiple EBT cases" What happens if a client moves from county A to county B and obtains a new card (with benefits) from county B, but still has benefits remaining from county A? Does the client continue to use the card from county A until all benefits are used, or do the benefits from county A transfer to the new card that the client gets from county B?	If a client moves from County A to County B and obtains a new card (with benefits) from County B, the case in County A will be closed, and County B will open a new case for the client. If the client has not used all the benefits issued by County A, the client would continue to use the EBT card issued by County A to access those remaining benefits. County B must issue another EBT card for the client to access benefits issued by County B. Benefits are not transferable between counties.

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Q15.	Section 6.4 Account Structure, p. 14	RFP Section 6.4, Account Structure	At the bottom of the page, <u>Active</u> cases are defined as being cases where a debit transaction <u>OR</u> a benefit deposit occurred during the 45 day period. <u>Inactive</u> cases are defined as cases where there is no debit transaction but remains silent regarding a benefit deposit. Can there be situations where a client may be receiving deposits for three or four months without a debit transaction? Would this account then be considered active, inactive, or dormant?	Yes. There can be situations where a client receives deposits for three or four months without a debit transaction. This account would be considered dormant because there were no client-initiated debit transactions.
Q16.	Section 6.4 Account Structure, p. 14, 4 th paragraph	RFP Section 6.4, Account Structure	Please clarify the expected condition that would result in a cardholder being issued a card number without being issued a physical card.	There are situations where a head of household is prevented from accessing benefits. He/she could be identified as the primary cardholder and would have an EBT card number assigned to him/her but no physical card. In this instance, there would be an alternate cardholder who would have access to the benefits as well. This person would be issued a physical EBT card.
Q17.	Section 6.4 Account Structure, p. 16 Requirement #60	RFP Section 6.4, Account Structure <u>60</u> The system shall track benefit grants received from eligibility systems that have not reached their availability date or do not have an existing SUID.	The RFP requires the EBT system to track benefit grants that do not have an "existing" SUID. Would there be occasions when one of the eligibility systems transmits a benefit grant without a SUID, or should the word "existing" be read as "matching" to mean that the benefit grant is unlinked?	No. There would be no occasion when an eligibility system would transmit a benefit grant without an SUID. However, an eligibility system could transmit a benefit grant with an SUID that is not on the EBT system. In this instance, the benefit grant is referred to as "unlinked."
Q18.	Section 6.4 Account Structure, p. 17 Requirement #76	RFP Section 6.4, Account Structure <u>76</u> The system shall have the ability to add other issuer systems.	Please clarify the meaning of "other issuer systems."	Issuer systems refer to other state systems that administer other benefit programs and types.

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Q19.	Sec 6, 6.4.1, page 15	RFP Section 6.4, Account Structure Section 6.4.1, Background	Would a client with benefits from multiple cases access those benefits with one card for all cases, or a separate card for each case?	A client with multiple cases accesses his/her benefits with a separate card for each case.
Q20.	Section 6.4.2 Account Structure Requirements, p.16 Requirement # 64	RFP Section 6.4.2, Account Structure Requirements <u>64</u> The system shall purge a benefit grant that does not have an existing SUID 90 days after the availability date.	What are the circumstances under which we would receive a benefit with no SUID? Are we expected to retain shell records for such accounts?	There are no circumstances under which an EBT Contractor would receive a benefit without an SUID. Benefits received without the SUID would be rejected by the Contractor's EBT system. The Contractor is not expected to retain shell records for such accounts.
Q21.	Section 6.4.2, 58, page 16	RFP Section 6.4.2, Account Structure Requirements The system shall have the ability to limit the issuance of benefit types by county.	Would the State provide an example to help clarify the meaning of "limit the issuance of benefit types by county"? It is unclear if there is a limit per benefit amount by county or if benefit types such as FS and TANF are to be limited by county.	Some counties issue benefit types via EBT that other counties do not. This requirement refers to the EBT system's ability to reject a benefit type that is not part of a county's selected set of benefit types.
Q22.	Section 6.4.2, 67, page 16	RFP Section 6.4.2, Account Structure Requirements The system shall maintain a record of all cardholder transactions received by the EBT host and all other transactions that affect account balance.	Would the State please clarify that, for purposes of retention criteria, this requirement refers to the contractually obligated 180 days of online transaction history?	This requirement does not refer to the contractually obligated 180 days of online transaction history. Requirement #67 refers to the broader requirement to maintain data. Requirement #158 refers to having transaction history available online for 180 days.

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Q23	Section 6.5.2, Transaction Processing Requirements, p. 18 Requirement #77	RFP Section 6.5.2, Transaction Processing Requirements <u>77</u> On a weekly basis, the EBT transaction processing platform shall be available to process all EBT-related transactions 99.9 percent of the time, excluding scheduled outages.	The State requires the transaction platform be available 99.9 percent of the time on a weekly basis. Typical FNS requirements are based upon a monthly basis. Did the State mean weekly, or should the requirement be restated to reflect a monthly basis?	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum.
Q24	Section 6.5.2, Transaction Processing Requirements, p. 20 Requirement #101	RFP Section 6.5.2, Transaction Processing Requirements <u>101</u> The system shall apply a fee of no more than \$0.80 for each ATM withdrawal transaction after the fourth cash withdrawal transaction in a calendar month.	The first four cash withdrawals made using either a POS device or ATM in a calendar month are free to the cardholder. Requirement #101 addresses fees for ATM withdrawals in excess of the four free per month. Does this fee also apply if POS withdrawals are made in excess of the four free per month?	The fee does not apply if POS withdrawals are made in excess of the four free per month. A cash-only withdrawal from a POS device counts towards the four free cash withdrawal transactions per month. After the fourth free cash withdrawal transaction, a fee may be charged for ATM cash withdrawal but not for POS cash-only withdrawals (or any other POS transaction).
Q25	Section 6.5.2, 87, page 19	RFP Section 6.5.2, Transaction Processing Requirements The system shall process store-and-forward transactions only for food stamp transactions.	To date, the store-and-forward function has been allowed at only third-party merchant locations. Would the State confirm that EBT-only merchants are exempt from store-and-forward transactions?	EBT-only merchants are not exempt from store-and-forward transactions. Quest® Operating Rules, Section 1.7, states the following regarding store and forward transactions: “Each Cardholder Authorization System that provides access to Food Stamp Accounts under the QUEST Mark must support the following Food Stamp Transactions that are initiated and transmitted to the CAS in accordance with these Rules: <i>e. Store and Forward Food Stamp Transactions.</i> ”

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				<p>Each CAS must support Store and Forward Food Stamp Transactions that are initiated and transmitted to the CAS in accordance with these Rules.”</p> <p>If the POS device installed at EBT-only merchants has the capability to perform store-and-forward transactions, then the EBT-only merchants must be able to perform store-and-forward transactions.</p>
Q26.	Section 6.5.2, 96, page 20	<p>RFP Section 6.5.2, Transaction Processing Requirements</p> <p>The system shall verify the transaction originates from an authorized POS device or ATM.</p>	What is the State’s definition of an “authorized ATM”? Please provide an example of an unauthorized ATM.	An authorized ATM is an ATM that accesses the EBT system through network providers that meet applicable EBT processing requirements and have been certified in accordance with approved network certification processes. An unauthorized ATM would be an ATM that does not meet these criteria.
Q27.	Section 6.7.2 Administrative Application Requirements, p. 24 Requirement #125	<p>RFP Section 6.7.2, Administrative Application</p> <p><u>125</u> Online help shall identify the time zone for all time-related data presented in the administrative application.</p>	Would the State please explain the relevance of the time zone identification requirement? Is it correct to assume that everything will be presented in PST?	The state recognizes that bidder systems may run in different time zones. This requirement mandates that the time zone in which the system runs be identified.
Q28.	Section 6.7.2 Administrative Application Requirements, p. 26 Requirement #146	<p>RFP Section 6.7.2, Administrative Application</p> <p><u>146</u> The administrative application shall allow a user to reduce an account balance such that the system reduces the remaining amount of one (1) or more benefit grants using the same draw-down rules as a</p>	Is the State referring to adjustments to cardholder accounts as a result of the dispute resolution process?	The state is not referring to adjustments as a result of the dispute resolution process. The state is referring to voluntary payments made by a client on an overissuance or overpayment that is processed as a debit to the client’s account.

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		cardholder debit transaction, except that benefit draw-down is limited to benefit grants with a benefit type specified by the user.		
Q29	Section 6.7.2, Administrative Application, p. 27 Requirement #150, q. Accounts	RFP Section 6.7.2, Administrative Application <u>150</u> The administrative application shall allow users to view the following cardholder data: a. SUID b. Primary/alternate indicator c. First name d. Last name e. Middle initial f. Social Security Number g. Date of birth h. Two (2) address lines i. City j. State k. Zip code l. Account access m. Restaurant Meals Program indicator n. Current and past card numbers o. Excessive, incorrect PIN attempt count p. Language indicator Accounts	Would the State please clarify what the term "Accounts" refers to in this context?	The term "accounts" refers to the benefit programs (e.g., food stamp or cash).

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Q30.	Section 6.7.2, 132, page 25	RFP Section 6.7.2, Administration Application Requirements The administrative application shall allow users to issue a disaster card as the initial card for a new cardholder or as a replacement card for an existing cardholder.	Is it the State's intent that during disasters the Contractor's system be capable of issuing either a normal EBT card, where the system determines the new card number at time of issuance, or issue a pre-printed disaster card number, to either a new or an existing case? Is it correct that this requirement applies issuing cards via administrative terminal, batch, and host to host?	It is the state's intent that during disasters the Contractor's system shall be capable of issuing either a normal EBT card or a pre-printed disaster card to a new or existing case. What type of card is issued depends on the nature of the disaster and how functional the county's eligibility system is at that time. This requirement applies to cards issued via the administrative application, batch, and host to host.
Q31.	Section 6.10.2 Client Website Requirements, p. 39 Requirement #255	RFP Section 6.10.2, Client Website Requirements <u>255</u> The client website shall use the card number and PIN to authenticate the cardholder's identity.	Would the State consider use of a cardholder-selected password instead of the cardholder's PIN if there are security benefits to be realized?	No. The state will not consider the use of a cardholder-selected password instead of a PIN. However, a bidder may propose a cardholder-selected password as a second possible means of access beyond a PIN.
Q32.	Section 6.11.2 Card Issuance and Card Specifications Requirements, p. 41 Requirement #268	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements <u>268</u> The client website shall use the card number and PIN to authenticate the cardholder's identity.	How many cards are issued over the counter per month? How many cards are mailed per month? How many card sleeves are distributed per month? How many PIN mailers are mailed per month? How many PINs are selected per month in the county offices? How many by ARU?	Card and PIN issuance statistics are available in the bidders library in the following report: Card Issuance and PIN Issuance Reports. The number of card sleeves issued each month is equal to the number of cards issued (both mailed and issued by the counties) that month. The number of PIN mailers mailed each month is equal to the number of cards issued by mail each month.

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Q33.	Section 6.11.2, 296, page 43	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements The card printers initially installed by the Contractor in state and county locations shall be of the same make and model.	Would the State explain the rationale used to develop Requirement 296? Since there is such a range of needs for card printing, it isn't readily apparent why the Contractor would be required to install the same sized flat-card printer in every county. For example, Los Angeles County's card printing needs are surely different from the needs of Mono County.	For consistency and uniformity, the state decided to use one make and model of card printer statewide. Bidders are asked to propose one card printer model that will accommodate the needs of all counties.
Q34.	Section 6.11.2, 306, page 43	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements The card printer shall be capable of multi-color and monochrome printing.	Would the State explain why multi-color printing is required for the flat-card printers when the printing will be done on a four-color card?	There is a potential need for low volume issuance of cards with custom graphics. This requirement allows the option of printing these cards using white card stock.
Q35.	Section 6.11.2, 318, page 44	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements The Contractor shall repair or replace an inoperable card printer within 32 hours of initial notification of a card printer failure.	If the 32-hour replacement notification is provided during a Friday business day, when must the replacement be completed?	As originally written, if the replacement notification came in at 2:00 p.m. Pacific Time on a Friday, the state would expect the replacement to be completed by 10:00 p.m. Pacific Time on Saturday. The state recognizes this requirement may not be practical for both counties and the Contractor. Therefore, RFP Section 6.11.2, Card Issuance and Card Specifications Requirements, Requirement #318, will be modified to two (2) business days. The requirement will be modified and included in an upcoming addendum.
Q36.	Section 6.12.2, 338, page 46	RFP Section 6.12.2, PIN Requirements The Contractor shall provide newly-manufactured PIN selection equipment to replace the existing state-	Is it correct to assume that the Bidder can recommend the type of alternate PIN-selection equipment that is compatible with its system? If not, it may impose an unfair requirement upon Bidders.	The bidder may recommend the PIN selection equipment that is compatible with its system.

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		owned CAPS devices, on a one-for-one basis prior to completion of transition.		
Q37.	Section 6.13.2, 363, page 50	RFP Section 6.13.2, Cash Access Requirements The Contractor shall have at least one (1) ATM acquirer providing ATM access throughout the state without the imposition of surcharges.	What is meant by “throughout the state”? Would the State provide some examples of what it considers an ATM acquirer that has access throughout the State?	Throughout the state refers to a statewide presence rather than a local or regional bank. Some examples include Bank of America, Washington Mutual, and Wells Fargo Bank.
Q38.	Section 6.13.2, 374, page 51	RFP Section 6.13.2, Cash Access Requirements For each county that offers cash EBT, the Contractor shall include FNS retailer cash-back data in its Cash Access Plan.	Should the Cash Access Plan also include information on known non-FNS retailer cash-back data?	Yes. The Cash Access Plan should include information on known non-FNS retailer cash-back data. The requirement will be modified and included in an upcoming addendum.
Q39.	Sec 6, 6.15.1, page 53 Sec 6, 6.27.2, page 78	RFP Section 6.15, Retailer Conversion and Ongoing Support Section 6.15.1, Background	Section 6.15.1 states “...the state expects the Contractor will deploy an EBT-only POS device to the retailer <i>regardless of redemption levels.</i> ” Requirement #599 in Section 6.27.2 states “The Contractor shall deploy EBT-only devices to retailers <i>who are eligible to receive such devices in accordance with FNS rules.</i> ” [Emphases added] The requirements appear to be in conflict. Would the state please clarify whether POS device deployment will be based on the eligibility of the retailer in accordance with the redemption values in the FNS rules?	RFP Section 6.15, Retailer Conversion and Ongoing Support, Requirement #599, refers to the process of physically distributing the POS device to an FNS authorized retailer. This requirement does not refer to eligibility for such a device. This requirement will be modified and included in an upcoming addendum.

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Q40	Section 6.17.1.2 State and County Staff User Training, p. 60 Requirement #440	RFP Section 6.17.1.2, State and County Staff User Training <u>440</u> The Contractor shall complete the T-for-T training no later than three (3) months prior to cutover.	Could the requirement be modified so that train-the-trainer sessions could occur after successful system testing?	The state will not modify the requirement as to when training for trainers (T-for-T) must occur. In selecting three months prior to cutover, the state assumes that system testing would have been completed. In addition, by conducting T- for-T three months prior to cutover, county trainers will have sufficient time to develop and execute training for their staffs prior to cutover.
Q41	Section 6.17.1.2 State and County Staff User Training, p. 60 Requirement #443	RFP Section 6.17.1.2, State and County Staff User Training <u>443</u> The Contractor shall locate and secure training facilities for T-for-T training sessions.	Does the state have training facilities available for contractors to use?	The state cannot commit any state or county facilities for the Contractor's T-for-T training.
Q42	Section 6.17.2, 438, page 60	RFP Section 6.17.2, Training Requirements The Contractor shall provide hands-on T-for-T training for county users.	Does the State intend to focus the T-for-T training sessions on the browser-based version of the administrative application?	The T-for-T training is not limited to the browser- based administrative application. Refer to requirement RFP Section 6.17, Training, Requirement #435, for the expected content of the T-for-T training.
Q43	Section 6.17.2, 447, page 60	RFP Section 6.17.2, Training Requirements The Contractor shall conduct an annual T-for-T training refresher session in Sacramento, California.	Will the annual T-for-T training be held at a State-owned facility where PCs and connectivity are present?	The bidder can expect that annual T-for-T training will be held at a state-owned facility where PCs and connectivity are present.

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Q44.	Section 6.22.2, 534, page 71	RFP Section 6.22.2, Host to Host and Batch Interface Requirements The system shall be capable of processing a minimum of 20,000 demographic batch file records per minute.	Does this requirement contain an error? The requirement to process 20,000 demographic records per minute dramatically exceeds current levels and is not feasible.	The requirement contains an error. The correct minimum processing level is 500 records per minute. The requirement will be modified in an upcoming addendum.
Q45.	Section 6.24.1 Background and 6.24.2 General Testing Requirements, p. 73 Requirement # 546	RFP Section 6.24 System Testing Section 6.24.1, Background and Section 6.24.2, General Testing Requirements <u>546</u> The Contractor shall conduct a functional demonstration of the EBT system after integration of functionality added as a result of joint application design sessions.	In the last sentence of the Background section preceding section 6.24.2, the text reads, "Prior to initiation of testing activities, the Contractor will conduct a functional demonstration of planned system functionality." Because it would be difficult to properly demonstrate system functionality that had not been tested, does the State mean that the functional demonstration is to be completed prior to the initiation of State and federal acceptance testing activities? If not, would the State please clarify the Background statement?	The functional demonstration should be completed prior to the initiation of user and federal acceptance testing activities. The text at the end of RFP Section 6.24.1 and RFP Section 6.24, System Testing, Requirement #546, will be modified and included in an upcoming addendum.
Q46.	Section 6.24.1, Background, page 73	RFP Section 6.24, System Testing Section 6.24.1, Background Problems encountered during testing will be tracked as deficiencies.	Is it the State's intent to apply liquidated damages to items identified as "deficiencies" during testing?	Items defined as deficiencies during testing are not subject to liquidated damages.
Q47.	Section 6.24.7, 575, 576, page 75	RFP Section 6.24.7, Eligibility System Certification Testing Requirements <u>575</u> The Contractor shall	Should these requirements be stated such that they mean the consortium and/or issuer system?	The Contractor must test the batch and host-to-host interface with each county's eligibility system, even if it is part of a larger consortium or issuer system.

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		test and certify ready for use the host-to-host interface with each county eligibility system. 576 The Contractor shall test and certify ready for use the batch interface with each county eligibility system.		
Q48.	Section 6.27.2, 584 page 77	RFP Section 6.27.2, EBT-Only POS Equipment Requirements The EBT-only POS device profile load shall be compliant with ISO 8583 and the Quest® Operating Rules.	ISO 8583 provides message format standards, not POS device hardware standards or load (application) standards. Is the State really referring to the message format and communication from the POS device?	RFP Section 6.27.2, EBT-Only POS Equipment Requirements, Requirement #584, will be modified to refer to enabling compliance with ISO and Quest® Operating Rules. The modified requirement will be included in an upcoming addendum.
Q49.	Section 6.27.2, 592, page 78	RFP Section 6.27.2, EBT-Only POS Equipment Requirements The Contractor shall provide secure and environmentally appropriate storage of all state-owned spare EBT-only POS devices in accordance with manufacturer specifications.	Since the State will turn over equipment to the Contractor, is the Contractor required to track and report on equipment movement at the serial-number level that is linked to the State asset tag for State-owned equipment?	Yes. The Contractor will be required to track and report on movement of state-owned equipment at the serial-number level, linked to the state asset tag.
Q50.	Section 6.31.1 EBT Disaster Services – Background, p. 84	RFP Section 6.31, EBT Disaster Services Section 6.31.1, Background	Does the minimum inventory of 500,000 reserve blank cards exist today? Could it be migrated to a new contractor as a cost savings measure to the State? Does the minimum inventory of 400,000	Blank and pre-printed disaster cards already produced and stored will need to be replaced based on the specifications within the new contract.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
			pre-printed EBT disaster cards exist today? Could it be migrated to a new contractor as a cost savings measure to the State?	
Q51.	Section 6.31.1, Background, pages 83-84	RFP Section 6.31, EBT Disaster Services Section 6.31.1, Background Storage locations should not be located in known flood plains, earthquake zones or other high-risk locations	Would the State qualify which zones are not acceptable for storing disaster cards and/or equipment? Much of California is in known high-risk zones, so some examples would be helpful.	The bidder should refer to RFP Section 6.31, EBT Disaster Services, Requirement #670, for specifications on the location of card storage facilities. Section 6.31.1 also provides information on desirable locations for storage locations.
Q52.	Sec 6, 6.31.2, page 84	RFP Section 6.31.2, EBT Disaster Services Requirement	Requirement #644 is the same as requirement #639 referencing Business Continuity. Is #644 under Disaster Services in error?	RFP Section 6.31, EBT Disaster Services, Requirement #644, is a duplicate and will be deleted from this section in an upcoming addendum.
Q53.	Section 6.31.2, 644, page 84	RFP Section 6.31.2, EBT Disaster Services Requirements The Contractor shall develop a Continuity of Business Plan in accordance with the DID provided by the state.	This is a duplicate of Requirement 639. Was a different requirement intended for 644?	RFP Section 6.31, EBT Disaster Services, Requirement #644, is a duplicate and will be deleted from this section in an upcoming addendum.
Q54.	Section 6.31.2, 654, page 85	RFP Section 6.31.2, EBT Disaster Services Requirements The Contractor shall have the ability to set up a minimum of 200 disaster user identifiers per day.	Does the State anticipate submitting requests on weekends?	Yes. The state does anticipate submitting requests on weekends.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q55.	Section 6.31.2, 657, page 85	RFP Section 6.31.2, EBT Disaster Services Requirements The system shall prevent use of disaster card numbers that were created prior to completion of transition as specified in a list of card numbers provided by the state.	If there are pre-embossed disaster cards already produced and stored, does this requirement mean that those cards must be destroyed and new printed disaster cards created based on the specifications within the new Contract?	Yes. Pre-printed disaster cards already produced and stored will need to be replaced based on the specifications within the new contract.
Q56.	Section 6.31.2, 666, page 86	RFP Section 6.31.2, EBT Disaster Services Requirements The Contractor shall maintain a minimum inventory of 400,000 pre-printed EBT disaster cards.	Should the Contractor assume that the cost of disaster cards be included in the CPCM, or will the State pay for these cards separately?	The cost of disaster cards is to be included in the CPCM. The state will not pay for these cards separately.
Q57.	Section 6.31.2, 667, page 86	RFP Section 6.31.2, EBT Disaster Services Requirements The Contractor shall maintain a minimum inventory of 500,000 reserve blank EBT cards for use in the event of a disaster.	Should the Contractor assume that the cost of disaster cards be included in the CPCM, or will the State pay for these cards separately?	The cost of blank EBT cards for use in the event of a disaster is to be included in the CPCM. The state will not pay for these cards separately.
Q58.	Section 6.33 Reports, p. 89, 3 rd paragraph	RFP Section 6.33, Reports Section 6.33.1, Background	Please define "deficiency application."	Refer to RFP Section 6.35, Deficiency Management, for information on deficiency management and associated requirements.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q59	Section 6.33.3, 723, page 92	RFP Section 6.33.3, Daily Reporting Requirements The Contractor shall prepare, by hour, a daily report that lists the number of telephone calls received by the client ARU/Call Center.	Does the State only intend to have the Contractor report the total number of calls received (one data element) on the Hourly Call Volume Report? Or are other data elements required for this report?	The requirement will be modified to include reference to ARU/Call Center statistics. The modified requirement will be included in an upcoming addendum .
Q60	Section 6.33.5, 729, page 93	RFP Section 6.33.5, Monthly Reporting Requirements <i>ARU Transaction Summary:</i> The Contractor shall prepare a monthly report that lists by county, the number and type of ARU/Call Center transactions.	What data elements should be included on the ARU Transaction Summary Report?	The requirement will be modified to further specify data elements needed on this report. This requirement will be modified and included in an upcoming addendum.
Q61	Section 6.33.5, 760, page 97	RFP Section 6.33.5, Monthly Reporting Requirements <i>Wireless Inventory Report:</i> The Contractor shall provide, by county, a monthly report that lists locations where EBT wireless devices are in use, including FNS number, retailer name, POS type, status, device serial number, state asset tag, and wireless operational date.	Currently the Contractor provides this detailed report with location IDs, inventory location, site location, serial number, and asset-tag information on a monthly basis for all State-owned wireless devices. Is it the State's intent to require this same level of reporting for the Contractor-owned wireless devices?	Yes. The state expects a similar level of reporting for Contractor-owned wireless devices. RFP Section 6.33, Reports, Requirement #760, will be modified and included in an upcoming addendum.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q62	Section 6.33.5, 765-767, page 97	<p>RFP Section 6.33.5, Monthly Reporting Requirements</p> <p><u>765</u> Percentage of Calls Answered Within 24 Seconds (Performance Report): The Contractor shall provide a monthly report that lists, by day, the percentage of calls placed to the ARU/Call Center that were answered within 24 seconds (approximately equivalent to four [4] rings).</p> <p><u>766</u> Average Time on Hold (Performance Report): The Contractor shall provide a monthly report that lists, by day, the average time on hold for cardholders who are transferred to the Call Center.</p> <p><u>767</u> Percentage of Calls Receive Busy Signal (Performance Report): The Contractor shall provide a monthly report that lists, by day, the percentage of callers who received a busy signal when calling the ARU/Call Center.</p>	<p>In addition to the data elements to be included in the Performance Report listed in these requirements, does the State also intend to continue to receive the other data elements currently provided? Among these additional elements are the following: total ARU calls received, ARU satisfaction rate, speech ARU call statistics, PIN call statistics, Abandon in Transit calls, calls transferred to CSRs, calls answered by CSRs, Abandoned calls, and Average Speed to Answer.</p>	<p>The reports requirements presented in the RFP represent the minimum number and type of reports required by the state. This may or may not include data elements and/or reports received in the current contract.</p>

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q63	Section 6.33.5, 766, page 97	RFP Section 6.33.5, Monthly Reporting Requirements Average Time on Hold (Performance Report): The Contractor shall provide a monthly report that lists, by day, the average time on hold for cardholders who are transferred to the Call Center.	This requirement provides for monthly reporting of the Average Time on Hold data element. However, in the Model Contract, Section 11.4.4.6.3, liquidated damages for this data element are based on weekly measurement. Can the State clarify how these monthly reporting and weekly measurements are to be reconciled?	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum.
Q64	Section 6.33.5, 761-767, page 97	RFP Section 6.33.5, Monthly Reporting Requirements Customer Service Monthly Reporting	Will the State no longer require the following data elements related to Customer Service monthly reporting: <ul style="list-style-type: none"> • Number of calls satisfied by the Merchant ARU. • Number of calls satisfied by the Client (Cardholder) ARU. • Number of calls satisfied in the automated PIN process. • Number of calls to the Client (Cardholder) ARU by language. • Number of Caseworker Calls placed through the Client (Cardholder) ARU. • Total CSR calls broken out by call type then subtotaled by Client (Cardholder) and Merchant. • Total of CSR issues handled in addition to number of CSR calls received. • Number of merchant calls by call type 	The reports requirements presented in the RFP represent the minimum number and type of reports required by the state. This may or may not include data elements and/or reports received in the current contract.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
			<p>(i.e., equipment issues, updating site information, settlement questions, on-site dispatches, etc.).</p> <ul style="list-style-type: none"> Data CD containing the call detail information for each client and merchant call that was answered by the ARU applications. This call detail information includes call date, call time, number dialed, originating phone number, call duration, termination type, termination point, and cardholder or caseworker indicator. 	
Q65.	Sections 6.33.5 and 7.2, 773-774, page 98	<p>RFP Section 6.33.5, Monthly Reporting Requirements</p> <p><i>Wireless Reimbursement:</i> The Contractor shall provide a monthly report that lists charges associated with wireless charges including access fees, customer service fees, transaction fees and warrantees.</p> <p><i>Telephone Line Reimbursement:</i> The Contractor shall provide a monthly report that lists those retailers who will receive reimbursement for dedicated telephone lines to support EBT-only POS devices.</p>	<p>Section 7.2 requires that the “purchase and distribution of . . . wireless POS devices” will be included in the CPCM. Separate bullets indicate that “retailer customer service” and “retailer telephone line charges” are included in the CPCM. Requirement 773 says that “The Contractor shall provide a monthly report that lists charges associated with wireless charges including access fees, customer service fees, transaction fees and warrantees.” Requirement 774 says that “The Contractor shall provide a monthly report that lists those retailers who will receive reimbursement for dedicated telephone to support EBT-only POS devices.” Not mentioned in 773 and 774 are telecom and customer services for wireless. Would the State clarify what wireless POS equipment and related services are to be included in the CPCM and what are to be billed to the state separately?</p>	<p>All costs related to wireless POS devices and EBT-only POS devices should be in the CPCM. The reports are, therefore, not required. RFP Section 6.33, Reports, Requirements #773 and #774, will be deleted in an upcoming addendum.</p>

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q66	Section 6.33.6, 778, page 99	RFP Section 6.33.6, Quarterly Reporting Requirements <i>EBT-only POS Device Inventory:</i> The Contractor shall provide a quarterly report that lists EBT-only POS devices that have been deployed to county offices and retailers including installation date, location, equipment type, manufacturer, model, serial number, and state asset tag number (when applicable).	Currently the contractor provides this detailed report with location IDs, inventory location, site location, serial number, and asset-tag information on a quarterly basis for all State-owned POS devices. Is it the State's intent to require this same level of reporting for the Contractor-owned POS devices?	Yes. The state expects a similar level of reporting for Contractor-owned POS devices.
Q67	Section 6.35.2, 804, page 103	RFP Section 6.35.2, Deficiency Management Requirements The Contractor shall provide an automated deficiency management solution for the capture, tracking, reporting, and resolution of outage and non-outage deficiencies.	Would the State provide guidance on what is expected for user ID and security access for the automated deficiency management system? For example, must access be restricted to only registered users; must access be controlled at the State, County, and consortia levels; and must user roles be controlled to allow view and update access?	The state will include additional requirements related to user identification and security in an upcoming addendum.
Q68	Section 6.36.2, 842, page 108	RFP Section 6.36.2, Configuration Management Requirements For any changes to the EBT system as a result of federal law, the Contractor shall not charge the state any more than the state's	Would the State explain what formula is used to calculate the State's prorated share of the cost and explain who determines what the prorated portion is?	The formula the state anticipates using for determining the prorated share of cost depends on the actual nature of the change. For example, if there was a change in the EBT system as a result of a federal change in the Food Stamp Program, and the Contractor had ten (10) states where it conducted food stamp EBT processing, the state would expect to pay one tenth (1/10) of the share of cost. If there was a change in the

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
		prorated share of the cost.		EBT system as a result of a federal change in the TANF program, and the Contractor had five (5) of ten (10) states where it conducted TANF EBT processing, the state would expect to pay one fifth (1/5) of the share of cost. The state also expects to undertake discussions with the Contractor on the most appropriate calculation to use should such a change come about.
Q69.	Section 7 – Cost Proposal, pages 1-6	RFP Section 7, Cost Proposal	Is it permissible to provide innovative cost proposals and alternatives in addition to the required one? If so, are there any format requirements for such presentations?	The bidder must provide a cost for all cost items presented in RFP Section 7, Cost Proposal. No alternatives will be considered. Any changes or deviations from those costs will be considered nonresponsive.
Q70.	Section 7.2 Appendix A, 4.2.9, pages 2-3, 12	Contract, Section 4.2.9, Invoicing of CPCM	What level of monthly reporting detail on CPCM price components must be submitted with the invoice in order to validate the single CPCM price that now includes some 23 separate service and equipment items? For example, what breakout of information will be required for such items as calls by type and county location, equipment and maintenance, cards, phone lines, and telecom equipment? Will invoicing be required at the county level?	The Contractor's monthly invoice will include the CPCM for each case type (food stamp, cash only, combined), the number of cases for each case type, and the total cost for each case type. The Contractor must provide this data for each county as well as a statewide total. No further breakout of the CPCM cost is required. Bidders should refer to RFP Appendix A, Model Contract, Section 4.2.5, Information Required, for details on invoices.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q71.	Section 7.7, pages 5-6 of 10	<p>RFP Section 7.7, Unanticipated Costs</p> <p>Unanticipated costs refer to costs related to work authorizations. For this procurement, the state is allowing ten (10) percent of the estimated contract value for unanticipated costs. The bidder must enter the amount for unanticipated costs into the appropriate cell in Exhibit 7.1, EBT Costs.</p> <p>Unanticipated costs are not considered guaranteed monies. Bidders should not assume that these monies will be used during the course of the contract term. These monies can only be used for approved work authorizations.</p>	<p>If the State is allowing 10 percent of the estimated contract value for unanticipated costs and this value is exceeded prior to the end of the Contract period, does this mean that no additional work authorizations will be processed for the remainder of the Contract? If this understanding is not correct, would the State please explain in detail what is expected of the Contractor relative to this requirement?</p> <p>Additionally, since it is not possible to determine the cost of each work authorization until it is requested and since the State controls the number and scope of work authorizations, how would it be possible for any Contractor to predict the number of authorizations and costs during a seven-plus year contract? Will the State explain its rationale for this item and how a Contractor could realistically accept the risk associated with this requirement? If a number is bid, is the Contractor limited to reimbursement of that amount, and if so for what period of the Contract in addition to possible extensions?</p>	<p>The Unanticipated Costs cost item is used to budget for work authorizations and this cost, while not guaranteed, is included in the purchase order.</p> <p>The state does not intend to exceed the Unanticipated Cost line item and will manage its work authorizations to stay within the budgeted amount. If a work authorization exceeds the available balance of Unanticipated Costs and the state wishes to proceed, the state must secure additional funding before the work authorization can be executed.</p>
Q72.	Section 8.3, page 3	<p>RFP Section 8.3, General Format Guidelines</p> <p># 2. Page numbering should be done by proposal chapter and include reference to the total number of pages for that chapter (e.g., Chapter 1, Page 1 of 10).</p>	<p>With regard to Chapter 8, would it be acceptable to use a numbering convention whereby each subsection in Chapter 8 contains its own reference to page numbers. For example, could "Section 8.1, Approach to Transition" be labeled "Chapter 8.1, Page 1 of 20"?</p>	<p>While there are no requirements related to page numbering, the state prefers that page numbering be done by proposal section (i.e., 1, 2... 8) and not proposal subsection (i.e., 8.1, 8.2).</p>

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q73	Section 8.4.10, page 7	RFP Section 8.4.10, Chapter 8, Response to Business and Technical Requirements <u>8.0</u> Response to Business and Technical Requirements <u>8.1</u> Approach to Transition (refer to requirement B66 in Section 5.8, Response to Business and Technical Requirements)	The outline provided for the response to Chapter 8, notes a reference to requirement B66 with respect to Chapter 8.1; is the correct reference B67?	The requirement number stated in RFP Section 8.4, Bidder's Technical Proposal Format, should be B67. This reference will be modified and included in an upcoming addendum.
Q74	Section 10.2.2, page 2	RFP Section 10.2.2, Date and Time The demonstration, excluding preparation, shall be no more than two hours long.	How much time is provided for preparation? Does the two-hour time limit include some time for questions and answers? If yes, how much time is allocated for questions from the review panel members? If no, is additional time after the demonstration designated for questions from the review panel?	There is no limit on the amount of time required for the bidder's preparation. There is no time allocated for questions since the state does not intend to pose questions to bidders during the demonstration.
Q75	Appendix A – Model Contract, 11.4.4.6.2, page 28	Contract, Section 11.4.4.6.2, EBT Administrative Functions The Administrative Functions shall operate in accordance with applicable Specifications during the hours of 7:00 a.m. to 7:00 p.m. Pacific Time each Day. For purposes of assessing liquidated damages, the following areas must meet this Performance	Would the State provide the definitions for Administrative Application functions, host-to-host processes, card printing, and PIN-assignment processes so the Contractor understands when liquidated damages may apply? Would the State consider changing “shall” to “may” for this requirement and allow the State Project Manager discretion in determining if liquidated damages should be assessed?	The bidder should refer RFP Appendix A, Model Contract, Section 1, Definitions, for the definition of terms presented in Section 11.4.4.6.2 of the contract. It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
		Standard: Administrative Application functions Host-to-Host processes Card printing PIN assignment processes If the Contractor does not meet the above Performance Standard, the State Project Director shall assess liquidated damages pursuant to Table 2 of this Contract Section.		
Q76	Appendix A, 11.4.4.6.3, page 28-29	Contract, Section 11.4.4.6.3, Customer Service ARU	Section 11.4.4.6.3 states that for each month that the Contractor fails to meet the standards defined in this section, the State can apply the liquidated damages according to Table 3. However, Table 3 defines the performance standards on a weekly basis. Can the State clarify if the performance standards and corresponding liquidated damages are to be measured/assessed on a monthly or weekly basis?	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum.
Q77	Appendix A, 11.4.4.6.6, page 30	Contract, Section 11.4.4.6.6, Settlement and Reconciliation The Contractor shall perform the tasks necessary to distribute all daily Settlement and Reconciliation Files and Reports in a timely	This requirement cannot be met if the daily cutoff time remains the same which is 3 p.m. (PT). Does the State intend to have the Contractor recommend what cutover time must be used in order to meet the 9 p.m. deadline for file transmission? Will the State consider allowing the State Project Manager some discretion in	The state will modify the deadline for file transmission to 11:00 p.m. Pacific Time. The modification will be included in an upcoming addendum. The state will not adjust the daily cutoff time of 3:00 p.m. Pacific Time. It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary. A relief from liquidated damages provision is contrary to the state's

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
		manner.	determining if liquidated damages should be assessed (i.e., changing the word “shall” to “may” in sentence four) and working with the Contractor to develop a mutually agreeable “relief from liquated damages” incentive in the Contract?	position that liquidated damages are nondiscretionary.
Q78.		Program Statistics	Would the state please supply transaction statistics by program and customer/retailer call statistics (ARU and CSR)?	ARU transaction and CSR statistics are available in the bidders library in the following reports: Customer Service Reports-ARU Call Volume-Statewide Total and Customer Service Call Detail Report – April 2007.
Q79.		Assembly Bill 2098	Assembly Bill 2098 established the Department of General Service’s Electronic Funds Transfer Task Force. Their mission was to research and negotiate a single master agreement with a card and EFT vendor that will allow all state agencies to make and receive payments via EFT by April 2008. How does this bill affect EBT and this procurement? Does CDSS intend to opt-in to the plan?	Assembly Bill 2098 is not within the scope of this procurement nor the contract.

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q80.	Section 5.4, B40 page 14	RFP Section 5.4, Past and Current Performance At least two (2) of the bidder's customer references shall be EBT projects in which the bidder served as the prime contractor.	Two engagements as EBT; Is this referring to a Public Sector (ONLY) EBT prime or just in a state, US or District of Columbia? Does the vendor have to do this for Public Sector only or is Private Sector too?	<p>The vendor must provide references for public sector customers.</p> <p>Electronic Benefit Transfer (EBT), as used in this RFP, is an electronic system that allows a client, through the use of a magnetic card, to purchase food. The system transfers monies from the client's food stamp benefit account to the retailer from whom that food was purchased. The same system is also used to support the State of California's cash assistance benefit programs. Both food stamp and cash assistance are public sector benefit programs administered by governmental organizations. EBT contracts are typically executed between an EBT Contractor and a state governmental organization.</p> <p>For more information on EBT, please refer to www.fns.usda.gov/fsp/ebt.</p>

RESPONSES TO BIDDER QUESTIONS				
#	Req. Location	Requirement	Question	Response
Q81.		General Program information	<p>Please provide the most recent monthly average for:</p> <ul style="list-style-type: none"> • Number of ATM cash withdrawals in total • Number of ATM balance inquiries • Number of CSR calls by language and by average call length • Number of payphone calls • Number of mailed cards issued (new and replacements) • Number of expedited cards • Number of Food Stamp Transactions • Number of non-ATM Cash Transactions • Number of transactions at EBT-only POS devices • Number of EBT-only retailers that correspond to the approximate 12,000 EBT-only POS devices • The current Food Stamp, Cash, and Combined cost per case month charged by the incumbent 	<p>Information is available in the bidders library in the following report: JPMEFS California February 2007 EBT Usage.</p> <p>The state does not use a bundled cost per case month pricing strategy in its current contract. All cost items are itemized. The most recent available invoice is in the bidders library.</p>
Q82.		General Program Information	Would the State please provide the incumbent's current organization chart that shows the number of staff by position and the percentage of time each position is allocated to the CA EBT project?	No. The state does not require an organization chart from the current EBT Contractor that shows the number of staff by position and the percentage of time each position is allocated to the project.
Q83.		General Program information	Would the State please provide a current system diagram?	A current system diagram is available in the bidders library.

Responses to Requests to Change RFP Requirements and Contract Terms and Provisions

For both responses to bidder questions and responses to requests to change RFP requirements and contract terms and conditions, bidders should refer to Addendum 1 of the RFP to see how requirements and contract terms and conditions have been modified. Bidders are advised that the state may or may not have made modifications exactly as requested.

RESPONSES TO REQUESTS TO CHANGE RFP REQUIREMENTS AND CONTRACT TERMS AND PROVISIONS				
#	Req. Location	Requirement	Requested Change	Response
R1.	Section 1.10, page 5	RFP Section 1.10, Key Action Dates Table 1.2, Key Action Dates Submit Draft Proposal. Due by 2:00 p.m. Pacific Time on July 20, 2007 Submit Final Proposal. Due by 2:00 p.m. Pacific Time on September 7, 2007	Recommend that the State modify the due date of the draft proposal to July 31, 2007. Recommend that the State modify the due date of the final proposal to September 21, 2007.	At this time, the state does not anticipate modifying the due date of the draft and final proposals.
R2.	Exhibit 5.8, Staff Reference Form, page 29	<i>Directly Related Experience:</i> List three projects or customers for whom the proposed staff has performed in the same capacity as specified for that key staff position(s) in this RFP.	Recommend that the State modify the sentence to read: List three projects or customers for whom the proposed staff has performed in a professional capacity.	The state will modify RFP Section 5, Administrative Requirements, Exhibit 5.8, Staff Reference Form. The modification will be included in an upcoming addendum.
R3.	Sections 6.2.12, 6.3.2, 6.36.2, 28, 45, 828, pages 11, 13, 107	RFP Section 6.2.12, Contractor EBT Workplan Scheduler RFP Section 6.3.2, Project Management Requirements RFP Section 6.36.2, Configuration Management Requirements 28 The Project Workplan Scheduler shall have a minimum of two (2) years of experience using Microsoft Project 2000 or later version.	Recommend changing to Microsoft Project and Office 2000 or later version for Requirements 45 and 828.	The state will not modify the requirements. RFP Section 6.2.12, Contractor EBT Workplan Scheduler, Requirement #28, relates to a proposed staff person's experience. RFP Section 6.3.2, Project Management Requirements, Requirement #45, and RFP Section 6.36.2, Configuration Management Requirements, Requirement #828, refer to the fact that the state is using, and expects the Contractor to use, Microsoft Project 2003 or a later version.

RESPONSES TO REQUESTS TO CHANGE RFP REQUIREMENTS AND CONTRACT TERMS AND PROVISIONS				
#	Req. Location	Requirement	Requested Change	Response
		<p><u>45</u> The Contractor shall use project management, word processing, presentation, spreadsheet, and database management products that are compatible with Microsoft Office 2003 and Microsoft Project 2003 or later versions.</p> <p><u>828</u> The Contractor shall submit work authorization workplans using Microsoft Project 2003 or a later version.</p>		
R4.	Section 6.7.2, 155, page 28	<p>RFP Section 6.7.2, Administrative Application Requirements</p> <p>The administrative application shall allow users to view transaction history for a specific POS/ATM terminal identifier by date.</p>	Recommend that Requirement 155 be deleted.	The state will not delete the requirement.
R5.	Section 6.8.2, 193, page 33	<p>RFP Section 6.8.2, Correction Requests and Adjustment Requirements</p> <p>The Contractor shall obtain the state's approval prior to initiating a debit adjustment for a disputed credit adjustment to a client's account.</p>	Recommend that Requirement 193 be deleted.	The state will not delete the requirement. This particular situation is infrequent but can pose a significant hardship on the retailer.

RESPONSES TO REQUESTS TO CHANGE RFP REQUIREMENTS AND CONTRACT TERMS AND PROVISIONS				
#	Req. Location	Requirement	Requested Change	Response
R6.	Section 6.9.2, 196, page 35	RFP Section 6.9.2, ARU/Call Center Requirements On a weekly basis, the Contractor's ARU shall be available and operational 99.9 percent of the time, excluding scheduled outages.	Recommend a modification that reporting be required on a monthly basis.	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum.
R7.	Section 6.9.2, 199, page 35	RFP Section 6.9.2, ARU/Call Center Requirements On a weekly basis, the Contractor's Call Center shall limit the wait time to speak to a live CSR to no more than 30 seconds for 99 percent of all calls, and no more than two (2) minutes for all calls.	Recommend that the Customer Service SLAs remain the same as they are in the current contract.	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum. The state will not revert to SLAs used in the current contract.
R8.	Section 6.9.2, 196-199, page 35	RFP Section 6.9.2, ARU/Call Center Requirements <u>196</u> On a weekly basis, the Contractor's ARU shall be available and operational 99.9 percent of the time, excluding scheduled outages. <u>197</u> The Contractor's ARU shall answer at least 99 percent of all calls within 24 seconds, on a monthly basis. <u>198</u> No more than two (2) calls per every 10,000 telephone calls made to the Contractor's ARU may be responded to with a busy signal. <u>199</u> On a weekly basis, the Contractor's Call Center shall	Recommend that the measurement/reporting requirement be modified from weekly to monthly. Recommend that the service levels be modified to reflect the levels provided under the current Contract.	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum. The state will not revert to SLAs used in the current contract.

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		limit the wait time to speak to a live CSR to no more than 30 seconds for 99 percent of all calls, and no more than two (2) minutes for all calls.		
R9.	Section 6.11.2, 318, page 44	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements The Contractor shall repair or replace an inoperable card printer within 32 hours of initial notification of a card printer failure.	Recommend that the phrase “within two business days” of initial notification be used rather than 32 hours.	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements, Requirement #318, will be modified to two (2) business days. The requirement will be modified and included in an upcoming addendum.
R10.	Section 6.11.2, 323, page 45	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements On a weekly basis, the Contractor shall retrieve lost or stolen cards sent to the state-leased Post Office Box in Sacramento, California.	Recommend that the State allow the Contractor to use a different return address on the reverse of the card to direct the returned cards to a location that can securely retrieve and destroy cards and PINs—and then use a another return address on the PIN mailer.	The state will not modify the requirement. The state reserves the right to consider a different return address at a future date.
R11.	Section 6.11.2, 324, page 45	RFP Section 6.11.2, Card Issuance and Card Specifications Requirements The Contractor shall deactivate and destroy lost or stolen EBT cards returned to the state-leased Post Office Box.	Recommend that the State allow the Contractor to use a different return address on the reverse of the card to direct the returned cards to a location that can provide for the secure retrieval and destruction of cards.	The state will not modify the requirement. The state reserves the right to consider a different return address at a future date.

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R12.	Section 6.13.1, Background, 48	RFP Section 6.13, Cash Access Section 6.13.1, Background Definition of adequate cash access – adequate capacity is achieved when the daily capacity of surcharge-free cash access locations exceeds the expected demand for cash within the zip code.	Recommend that the State modify the definition of adequate cash access to remain consistent with the definition that is part of the current contract. Recommend that the State also includes the current definition of adequate cash access that is used for Los Angeles County, which only includes ZIP codes with caseloads of more than 400 recipients for which the daily estimated cash needed is less than 100 percent.	The text provided in RFP Section 6.13, Cash Access, Section 6.13.1, Background, is not a requirement. The bidder should refer to the requirements in RFP Section 6.13.2 for all requirements related to cash access.
R13.	Section 6.13.1, 354, page 50	RFP Section 6.13, Cash Access Section 6.13.1, Background To calculate the capacity of a single-lane retailer that provides full cash back, the Contractor shall use the following formula: 2.5 transactions per hour x 10 hours x maximum cash back amount.	Recommend that the State reword the requirement to “2.5 transactions per hour x 10 hours x \$500”.	The state will modify RFP Section 6.13, Cash Access, Requirement #354. The modification will be included in an upcoming addendum.
R14.	Section 6.13.1, 355, page 50	RFP Section 6.13, Cash Access Section 6.13.1, Background To calculate the capacity of a multi-lane retailer that provides full cash back, the Contractor shall use the following formula: 12 transactions per hour x 10 hours x maximum cash back amount.	Recommend that the State reword the requirement to “12 transactions per hour x 10 hours x \$500”.	The state will modify RFP Section 6.13, Cash Access, Requirement #355. The modification will be included in an upcoming addendum.

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R15.	Section 6.13.2, 362, page 50	RFP Section 6.13.2, Cash Access Requirements The Contractor shall enter into an agreement with, at a minimum, one (1) major regional network (such as STAR, Cirrus, PLUS or the equivalent) that provides access to a majority of ATM acquirers across the state to fulfill cash access requirements.	Recommend that the State delete Requirement 362.	The state will delete RFP Section 6.13, Cash Access, Requirement #362. The deletion will be included in an upcoming addendum.
R16.	Section 6.13.2, 371, page 51	RFP Section 6.13.2, Cash Access Requirements For each county that offers cash EBT, the Contractor shall inform the state of any change in cash access which results in an area that does not meet the cash access standard (at the time of contract execution) within 30 days of knowledge of the change.	Recommend that the requirement be changed to read: The Contractor shall inform the State of any major changes that may negatively impact cash access (e.g., negative change in cash back policy of a major retailer or withdrawal from the program by a previously participating ATM and/or POS owner) within 30 days of knowledge of such a change.	The state will not modify the requirement.
R17.	Section 6.13.2, 372, page 51	RFP Section 6.13.2, Cash Access Requirements For each county that offers cash EBT, the Contractor shall prepare an update of a county's Cash Access Plan within 30 days of notifying the state of the change in cash access.	Recommend that the requirement be changed to read: Upon being notified of a major negative change to cash access participation, the State may request that counties, where the cash access standards accepted at the time of contract execution are no longer met, be identified by the Contractor and that an update to the Cash Access Plan be delivered within 30 days of notifying the state of the change.	The state will modify RFP Section 6.13.2, Cash Access Requirements, Requirement #372. The modification will be reflected in an upcoming addendum.

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R18.	Section 6.13.2, 373, page 51	RFP Section 6.13.2, Cash Access Requirements For each county that offers cash EBT, the Contractor shall verify and update the counties' enrolled FNS retailers' cash back policies on an annual basis.	Recommend that the State delete Requirement 373.	The state will delete RFP Section 6.13.2, Cash Access Requirements, Requirement #373. The deletion will be included in an upcoming addendum.
R19.	Section 6.20.2, 505, page 66	RFP Section 6.20.2, EBT System Security Requirements The Contractor shall, as the state's designated agent, inform the state, within one (1) hour of detection, of any and all incidents or exposures of information that may have compromised the secure delivery of California EBT services and what actions the Contractor has taken or will take as a result of each incident.	Recommend that the requirement be changed to 24 hours.	The state will modify RFP Section 6.20.2, EBT System Security Requirements, Requirement #505. While the state will still require notification within one (1) hour, information on action taken or planned will be required at a later time. The modified requirement will be reflected in an upcoming addendum.
R20.	Section 6.22.2, 522, page 70	RFP Section 6.22.2, Host-to-Host and Batch Interface Requirements The Contractor shall complete transmission of all scheduled end-of-day files to each eligibility system by 9:00 p.m. Pacific Time on the settlement day.	Recommend that the requirement be modified to reflect 5:00 a.m. (PT) the next day as it is in the current Contract.	The state will modify the time to 11:00 p.m. Pacific Time. The modification will be included in an upcoming addendum.

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R21.	Section 6.22.2, 534, page 71	RFP Section 6.22.2, Host-to-Host and Batch Interface Requirements The system shall be capable of processing a minimum of 20,000 demographic batch file records per minute.	Recommend that the State modify this requirement to read that the system must be capable of processing a minimum of 200 demographic records per minute.	The state will modify RFP Section 6.22.2, Host-to-Host and Batch Interface Requirements, Requirement #534 to #500 records per minute. The modified requirement will be reflected in an upcoming addendum.
R22.	Section 6.22.2, 535, page 71	RFP Section 6.22.2, Host-to-Host and Batch Interface Requirements The system shall be capable of processing a minimum of 1,500 benefit batch file records per minute.	Recommend that the State modify this requirement to read that the system must be capable of processing a minimum of 500 records per minute.	The state will not modify the requirement. The state's processing level reflects processing levels in the current system.
R23.	Section 6.23.2, 536, page 72	RFP Section 6.23.2, SARS Interface Requirements The system shall complete transmission of end-of-day files to SARS by 9:00 p.m. Pacific Time on the settlement day.	Recommend that the requirement be modified to reflect 5:00 a.m. (PT) the next day as it is in the current Contract.	The state will modify the time to 11:00 p.m. Pacific Time. The modification will be included in an upcoming addendum.
R24.	Section 6.26.2, 582, page 76	RFP Section 6.26.2, Capacity Planning Requirements The Contractor shall report system capacity and performance data on a weekly basis and include, at a minimum, the following: a. Average Central Processing Unit utilization (by hour, by day, by week). b. Average memory usage (by hour, by day, by week) including free memory (physical and virtual), used	Recommend that Requirement 582 be removed.	The state will delete RFP Section 6.26.2, Capacity Planning Requirements, Requirement #582. The deletion will be included in an upcoming addendum.

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		memory (physical and virtual), page fault rate, and hard page fault rate. c. Average Input/Output rate (by hour, by day, by week) for disk controller(s) and network.		
R25.	Section 6.27.2, 605, page 79	RFP Section 6.27.2, EBT-Only POS Equipment Requirements The Contractor shall describe service activities and provide a schedule for preventive maintenance of EBT-only POS devices in accordance with the Administrative Equipment Preventive Maintenance Schedule DID provided by the state.	Recommend that the State delete Requirement 605.	The state will delete RFP Section 6.27.2, EBT-Only POS Equipment Requirements, Requirement #605. The deletion will be included in an upcoming addendum.
R26.	Section 6.28.2, 624, page 80	RFP Section 6.28.2, EBT-Only POS Wireless Equipment Requirements The Contractor shall describe service activities and provide a schedule for preventive maintenance of wireless POS devices in accordance with the Administrative Equipment Preventive Maintenance Schedule DID provided by the state.	Recommend that the State delete Requirement #624.	The state will delete RFP Section 6.28.2, EBT-Only POS Wireless Equipment Requirements, Requirement #624. The deleted requirement will be included in an upcoming addendum.

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R27.	Section 6.30.2, 640, page 82	RFP Section 6.30.2, Business Continuity Requirements The Contractor shall identify changes to the EBT system that would affect the processes and activities presented in the state-accepted Continuity of Business Plan 90 days prior to implementation of the system changes.	Recommend that the State delete Requirement #640.	The state will not delete RFP Section 6.30.2, Business Continuity Requirements, Requirement #640. Requirement #640 refers to the fact that if a change to the EBT system affects continuity of business, the state will be informed of such a fact. Requirements #833 and #840 are separate requirements that refer to system notifications for system changes that are being moved to the production system.
R28.	Section 6.31.2, 678, page 87	RFP Section 6.31.2, EBT Disaster Services Requirements The Contractor shall ship blank EBT cards and/or pre-printed EBT disaster cards to locations specified by the state within eight (8) hours of notification from the state.	Recommend that the State modify this requirement from 8 hours to 12 "business" hours and specify that Sundays are excluded.	The state will modify RFP Section 6.31.2, EBT Disaster Services Requirements, Requirement #678 to 12 hours; however, Sundays are not excluded. The modified requirement will be included in an upcoming addendum.
R29.	Section 6.33.3, 707, page 90	RFP Section 6.33.3, Daily Reporting Requirements Daily Deficiency Report: The Contractor shall prepare a daily report capturing all new and modified deficiencies received and active for the 24-hour period beginning and ending at 5:00 p.m. Pacific Time.	Recommend a modification to this requirement to specify that it excludes weekends. Or reword to define daily as business day.	The state will modify RFP Section 6.33.3, Daily Reporting Requirements, Requirement #707. The modified requirement will be included in an upcoming addendum.

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R30.	Section 6.33.7, 786, page 99	RFP Section 6.33.7, Archive Reporting Requirements When electronic delivery of an archive report is requested, the report, and affidavit, if requested, shall be sent securely and made available within two (2) business days.	Recommend that the State modify this requirement from two business days to four business days. Recommend that the State add an additional phrase to this requirement that specifies that archived requests for large volumes of data will be pulled within a reasonable period of time as determined on a request by request basis.	The state will modify RFP Section 6.33.7, Archive Reporting Requirements, Requirement #786. The modified requirement will be included in an upcoming addendum.
R31.	Section 6.33.7, 787, page 99	RFP Section 6.33.7, Archive Reporting Requirements When mail delivery of an archive report is requested, a printed report, and affidavit, if requested, shall be provided to the requestor within three (3) business days.	Recommend that the State modify this requirement from three business days to five business days. Recommend that the State add an additional phrase to this requirement that specifies that archived requests for large volumes of data will be pulled within a reasonable period of time as determined on a request-by-request basis.	The state will modify RFP Section 6.33.7, Archive Reporting Requirements, Requirement #787. The modified requirement will be included in an upcoming addendum.
R32.	Section 6.36.2, 833, 107	RFP Section 6.36.2, Configuration Management Requirements The Contractor shall send a System Notification to the state five (5) business days prior to moving a work authorization system change to the Contractor's test system.	Recommend that the State modify the notification requirement from five business days to one business day.	The state will modify RFP Section 6.36.2, Configuration Management Requirements, Requirement #833. The modified requirement will be included in an upcoming addendum.
R33.	Section 6.36.2, 836, page 107	RFP Section 6.36.2, Configuration Management Requirements The Contractor shall provide results of system testing to the state.	Recommend that the State modify the requirement to read: "The Contractor shall provide results of system testing to the state based on test scripts approved by the state."	The state will modify RFP Section 6.36.2, Configuration Management Requirements, Requirement #836. The modified requirement will be included in an upcoming addendum.

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R34.	Section 6.36.2, 840, 108	RFP Section 6.36.2, Configuration Management Requirements The Contractor shall send a System Notification to the state five (5) business days prior to moving a work authorization or Contractor-initiated system change to the Contractor's production system.	Recommend that the State modify the notification requirement from five business days to three business days.	The state will not delete the requirement.
R35.	Section 9.8.1	RFP Section 9.8.1, Transition Cost and Best Price CPCM	(The state has summarized a bidder's request to change requirements related to transition costs.) The bidder believes because transition costs are scored with the Best Price CPCM, and the incumbent will have little or no transition costs in contrast to other competitors who will have substantial transition costs, the incumbent vendor has a substantial competitive advantage. The bidder suggests that, by including transition costs in the evaluation, the state may have unintentionally crafted a methodology that could drive prices higher. The bidder requests the state separate the transition cost from the Best Price CPCM scoring methodology. Secondly, the bidder requests the state to not score transition cost. Finally, the bidder also requests the state to institute progress payments for the transition.	The state has invested significant resources and effort to create a scoring approach that best levels the playing field, promotes competition, provides a mechanism for the state to ensure the best use of public funds, protects the state's interest, reduces the state's overall risk, and enables an apples-to-apple comparison of bidders' combined one-time and ongoing costs. The state believes the current scoring approach, which incorporates transition cost as a small component of the overall cost score, represents the best method for meeting its procurement objectives. Since the transition cost is a real cost that will have to be paid by both the federal government and the state, it must be scored. Furthermore, the transition cost is a cost component of the overall contract value that the state cannot ignore. Due to new requirements in functionality, services, and equipment, the state expects all bidders—including an incumbent—to incur transition costs. The state will modify RFP Appendix A, Model

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				Contract, Section 4.2.8, Invoicing of Transition Costs, to include information on progress payments. The modification will be included in an upcoming addendum.
R36.	Appendix A Section 4.2	Contract, Section 4.2, Invoices No invoices shall be submitted prior to State Acceptance of Transition Services. Upon Acceptance of Transition Services, invoices shall be submitted the month following the month in which Charges are incurred. The Contractor shall not submit invoices more frequently than monthly.	The Contract does not allow for invoicing prior to State Acceptance of Transition Services, thereby placing an undue burden on Contractor and potential Subcontractors. The bidder would like to explore the option of limited/conditional payments during this phase.	The state will modify RFP Appendix A, Model Contract, Section 4.2.8, Invoicing of Transition Costs, to include information on progress payments. The modification will be included in an upcoming addendum.
R37.	Appendix A Section 4.9	Contract, Section 4.9, Most Favored Customer Should the Contractor, following the Execution Date, agree to provide similar Services to any other customer for a fee, cost, CPCM, or price more favorable than the Charges specified in this Contract, then the State shall be permitted the benefit of such more favorable fees, costs, CPCMs, or prices as of the date they became available in such other agreement; provided, that the State makes written request therefor; and provided further, that the State agrees in such request to accept any less favorable terms.	The Most Favored Customer clause fails to recognize that price discrepancies may be due to a variety of factors. We therefore request that the Contract be modified to add a "normalization" process whereby all relevant factors pertaining to a contract be considered when comparing pricing across multiple opportunities.	RFP Appendix A, Model Contract, Section 4.9, Most Favored Customer, specifically limits its use to "similar" services and further requires the state "to accept any less favorable terms." It is the state's position that this language adequately addresses the bidder's suggested language. The additional items requested may or may not bear on the services at issues. Further while California's infrastructure may be more complex, transaction processing for example should have a high degree of standardization among customers from a bidder's perspective. Further the size of California's caseload necessarily presents economies of scale. These and other factors are more easily and fully discussed should the situation arise rather than trying to specifically list all of them in a contract document.

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R38.	Appendix A Section 5.2.1	<p>Contract, Section 5.2.1, Programs</p> <p>The State initially intends to implement the State programs described below with the System. However, the State reserves the right to add, modify, and delete other programs that are or may be supported by the System at any time on Notice to the Contractor and in accordance with the Work Authorization process, which may or may not incur costs to the State. The System shall be designed to implement the following programs:</p> <ul style="list-style-type: none"> a. Federal Food Stamp Program (federally funded) b. California Food Stamp Program (state funded) c. Temporary Assistance for Needy Families block grant program, known as CalWORKs (optional to Counties) d. General Assistance/General Relief program (optional to Counties) e. Cash Assistance Program for Immigrants <p>Refugee Cash Assistance/Entrant Cash Assistance program (optional to Counties)</p>	<p>The bidder recognizes the State's interest in allowing for modifications whereby programs may be added, modified or deleted. The bidder would like to clarify that such modifications may result in equitable adjustments to program fees, costs, CPCMs, or other prices.</p>	<p>Under RFP Appendix A, Model Contract, Section 5.2.1, Programs, the addition of programs is specifically subject to the Work Authorization process which allows for increases including "any other reasonable costs to be incurred to effect the change at a fair and reasonable price."</p> <p>The language suggested by the bidder is unnecessary as Contract Section 5.2.1 explicitly states that such an addition "may or may not incur costs to the State."</p>

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R39.	Appendix A Sec. 6.1.4 & 6.2.2	<p>Contract, Section 6.1.4, Risk of Loss The Contractor and its insurers, if any, will relieve the State, Counties, Retailers, the FNS, and others of responsibility for all risk of loss or damage to the Equipment.</p> <p>Contract, Section 6.2.2, Risk of Loss The Contractor and its insurers, if any, will relieve the State, Counties, the FNS, and others of responsibility for all risks of loss or damage to the Equipment.</p>	<p>The Contract holds vendor liable for risk of loss relative to all Equipment (even if such Equipment is not in Contractor's custody or control), thereby imposing an unfair burden on Contractor. Insurance coverage is not readily available for such risks, and self insurance costs are extremely difficult to estimate (especially with regard to POS Equipment).</p> <p>We therefore request that the Contract be modified to reflect the transfer of the risk of loss to the State, the County and/or third parties with respect to Equipment placed in their custody and control. Note that such transfer would not limit or otherwise modify Contractor's obligation to repair defective Equipment.</p>	<p>POS equipment will also not be in the custody or control of the state. It is the state's position that since the Contractor is providing the service, understands the market, and will be in privity of contract with each retailer, it is in the best position to bear the risk of loss. The Contractor may seek reimbursement from retailers through its retailer agreements for lost POS equipment.</p>
R40.	Appendix A, 9.4.1, page 21	<p>Contract, Section 9.4.1, Contractor Reassignment of Key Staff During the term of this Contract, the Contractor shall not make changes in the assignment of its Key Staff except in the event of death, illness, retirement, disability, termination, or leaving the Contractor's employment and not serving as a consultant or contractor to the Contractor, or subject to mutual agreement by the parties to allow for removal.</p>	<p>Recommend that the State modify the cited sentence to remove the restriction that Key Staff can only be reassigned due to death, illness, retirement, etc.</p>	<p>The intent of the contract term is to ensure the level of experience and quality of the key staff proposed by the Contractor is maintained throughout the term of the contract as well as continuity in the key staff provided, thus avoiding frequent or untimely changes of assignment. Changes due to promotions or reassignment are subject to mutual agreement of the parties. RFP Appendix A, Model Contract, Section 20.12.1, Efforts to Resolve Disputes, requires both parties to use "...their best, good-faith efforts to cooperatively and informally resolve potential disputes..." Consequently, should the Contractor have the need to replace staff, the state will not unreasonably withhold agreement.</p>

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R41.	Appendix A Sec. 10	Contract, Section 10, Warranties	The Contract establishes broad system and service warranty obligations, but fails to exclude implied warranties under the UCC. Given that explicit warranty terms are established under the Contract, the agreement should be modified to exclude all implied warranties, including the implied warranties of merchantability and fitness for use.	The Contractor is required to provide implied warranties of merchantability and fitness for its intended purpose. These will be added explicitly to the contract.
R42.	Appendix A Sec. 11.1	Contract, Section 11.1, Letter of Credit	While the bidder is ready, willing and able to provide the State with a Letter of Credit ("Letter") as specified in the Contract, we reserve the right to negotiate the amount of such Letter. It is our understanding that the proposed value of the Letter (\$8 million) was predicated on the not-to-exceed value of the transition services. In the interest of fairness, we believe the value of the Letter should correspond to the vendor's actual transition costs. It is also our assumption that the state will not require a performance bond in connection with this opportunity.	The state will not change the amount of the Letter of Credit. The amount of the Letter of Credit is not based solely on the bidder's transition cost. It includes costs associated with state activities and associated impacts should the transition be unsuccessful.
R43.	Appendix A Sec. 11.3	Contract, Section 11.3, Withholds	The Contract provides the State with virtually unlimited rights to withhold payments, even if such payments (or the services related thereto) are not in dispute. While Contractor recognizes the State's right to withhold amounts in dispute, Contractor should not be unfairly penalized when work has been performed in accordance with the contract. We therefore request that the State's right to withhold payment	The bidder's requested change to RFP Appendix A, Model Contract, Section 11.3.1, Withholding Payments, is already addressed in that section as withholds could only be assessed "if the Contractor fails to perform its obligation set forth in the Contract." Because invoicing will be done as a cost per case month, it would be virtually impossible for the state to restrict the amount of a withhold to an amount specifically associated with the service or portion thereof being

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			<p>amounts be limited to amounts in dispute only.</p> <p>Change:</p> <p>11.3.1 Withholding Payments</p> <p>The State shall have the right to withhold or delay payments due to the Contractor under this Contract, in whole or in part, if the Contractor fails to perform its obligations set forth in this Contract. <i>The right to withhold payments shall not apply to those services (or portions thereof) performed in accordance with the Contract, or to amounts that are not otherwise in dispute.</i></p> <p>11.3.2 Release of Payment Withholds</p> <p>The State shall withhold such payment described above or a portion there of until Acceptance of the Deliverable or Service for which the payment withhold is associated or as otherwise provided in this Contract. <i>Acceptance shall not be unreasonably withheld or delayed.</i></p>	<p>performed.</p> <p>The state agrees to the additional language suggested by the bidder for Contract Section 11.3.2.</p>

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R44.	Appendix A, 11.3.3, page 25	Contract, Section 11.3.3, Customer Service Notwithstanding Section 11.6 of this Contract, the Contractor shall ensure that Client Customer Services comply with Exhibit A of this Contract. In the event the State conducts an audit of the Client Customer Services and finds the Contractor is not in compliance with Exhibit A of this Contract, and the Contractor fails to implement the audit report recommendations or fails to correct noted Deficiencies within 30 Days of receipt of Notice from the State, the State shall withhold each monthly invoice until the Contractor demonstrates to the State Project Director that it has corrected the previously identified Deficiencies. In addition, the Contractor shall reimburse the State for the cost of such audit.	Recommend that the State modify the proposed Contract language to reflect the same conditions that are in the current Contract.	The state will modify RFP Appendix A, Model Contract, Section 11.3.3, Customer Service, contract language to read: Notwithstanding Section 11.6 of this Contract, The Contractor shall ensure that Client Customer Services comply with Exhibit A of this Contract. In the event the State conducts an audit of the Client Customer Services and finds the Contractor is not in compliance with Exhibit A of this Contract, and the Contractor fails to implement the audit report recommendations or fails to correct noted Deficiencies within 30 Days of receipt of Notice from the State, the State shall withhold <u>ten (10) percent of each monthly invoice</u> until the Contractor demonstrates to the State Project Director that it has corrected the previously identified Deficiencies. In addition, the Contractor shall reimburse the State for the cost of such audit. <u>The assessment of liquidated damages pursuant to Contract Section 11.6 shall not apply to Section 11.3.3.</u>
R45.	Appendix A Sec. 11.4	Contract, Section 11.4, Liquidated damages	The Liquidated Damage ("LD") penalty clause is extremely onerous. In addition, the provision is unfair to the extent that such remedy is deemed non-exclusive under the Contract. We respectfully request that the following adjustments be negotiated by the parties: <ul style="list-style-type: none"> A cap on the LD amounts that can 	Bullet #1: The state has given careful consideration to the areas subject to liquidated damages and the potential impact to its clients and users should the bidder fail to meet its contractual obligations. Given the enormity of harm that could occur should the bidder not meet the performance standards, the state will not place a cap on liquidated

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			<p>be assessed in any monthly period.</p> <ul style="list-style-type: none"> • A clarification to the effect that only one LD will be assessed in connection with one event or failure. • A clarification to the effect that LD's constitute an exclusive remedy. • A cure period before imposition of LD's, or in the alternative, an "earn-back" provision 	<p>damages.</p> <p>Bullet #2: Failure to achieve the performance standards in multiple areas of the services the bidder has contracted to do, such as transaction processing and the Automated Response Unit, could result in damages being assessed for each area. As the harm to the state and its clients increases with each failure in separate and specific areas of client service, the state determined to assess damages in these areas. This is not inconsistent with industry standards and presents a far less costly prospect and more reasonable estimation of damages than if the state attempted to provide for only one damage assessment for each failure no matter what the impact to California's clients of that failure.</p> <p>Bullet #3: Liquidated damages do not constitute an exclusive remedy. In the event (e.g., partial or complete termination of the contract) actual damages are imposed, these damages will be offset by any liquidated damages paid as provided in the contract.</p> <p>Bullet #4: By not imposing a 100 percent accuracy standard and by allowing for deficiencies to be corrected within a reasonable time before liquidated damages are assessed, the state has already given the bidder a "cure period."</p> <p>The Contractor may reduce the level of risk by ensuring that its system is capable of consistently meeting or exceeding performance standards and should be able to, through its expertise in implementing and</p>

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				operating EBT systems, anticipate operating events that may place stress on its system.
R46.	Appendix A, 11.4.1, page 25	Contract, Section 11.4.1, Acknowledgement of Harm The parties agree that any delay or failure by the Contractor to timely perform its obligations by the dates in the Project Workplan and in accordance with the Acceptance Criteria, Specifications, and other requirements in this Contract will interfere with the proper and timely implementation of the System and Services, to the loss and damage of the State. ... For the purposes of defining liquidated damages, the State Project Director shall assess damages in accordance with this Section 11.4 and Section 11.6 of this Contract.	Recommend that the State change "shall" to "may" and leave the decision to assess liquidated damages to the discretion of the State Project Manager.	It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary.

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R47.	Appendix A, 11.4.4.2, page 26	<p>Contract Section 11.4.4.2, Work Authorizations</p> <p>The Contractor shall complete the Services in an approved Work Authorization including all documentation in accordance with this Contract and the initial Schedule for completion agreed to by the parties. If the Contractor does not complete the Services including all documentation in conformance with this Contract and the initial Schedule agreed to by the parties or such other date as mutually agreed, the State Project Director shall assess liquidated damages at the rate of \$2,500 per Work Authorization for each Business Day that the Services and documentation are not completed by the Contractor or are rejected by the State Project Director.</p>	<p>Recommend that the State change "shall" to "may" and leave the decision to assess liquidated damages to the discretion of the State Project Manager.</p>	<p>It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary.</p>

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R48.	Appendix A, 11.4.4.3, page 26	Contract, Section 11.4.4.3, Deliverables If the Contractor does not receive Acceptance for the following Deliverables in conformance with the Acceptance process set forth in Section 8.3 of this Contract and due dates as specified below, the State Project Director shall assess liquidated damages at the rate of \$2,500 per Deliverable for each Business Day the Deliverable is late or rejected by the State Project Director.	Recommend that the State change "shall" to "may" and leave the decision to assess liquidated damages to the discretion of the State Project Manager.	It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary.
R49.	Appendix A, 11.4.4.4, page 27	Contract, Section 11.4.4.4, User Acceptance The State Project Director shall assess the Contractor liquidated damages of \$7,500 for each Day that Acceptance of the User Acceptance Tests is delayed beyond the date specified in the initial Project Workplan or such other date as mutually agreed in writing.	Recommend that the State change "shall" to "may" and leave the decision to assess liquidated damages to the discretion of the State Project Manager.	It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary.

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R50.	Appendix A, 11.4.4.6, pages 27-30	Contract, Section 11.4.4.6, Performance Standards The Contractor shall provide the State a weekly Report as applicable which accurately tracks and reports performance for each of the Performance Standards to be measured under this Contract Section.	Recommend that the reporting/measurement be changed from weekly to monthly to keep it consistent with the current requirement.	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum.
R51.	Appendix A, 11.4.4.6.1, 11.4.4.6.2, 11.4.4.6.3, page 27-29	Contract, Section 11.4.4.6.1, Transaction Processing Platform Contract, Section 11.4.4.6.2, EBT Administrative Functions Contract, Section 11.4.4.6.3, Customer Service ARU	Recommend that these performance standards are modified to reflect those that are in the current Contract.	All references to weekly performance measures in the RFP and contract will be modified to monthly in an upcoming addendum. The state will not revert to the performance standards used in its current contract. However, the state has modified Table 1, Transaction Processing Platform Uptime Availability, in RFP Appendix A, Model Contract, Section 11.4.4.6.1, Transaction Processing Platform.
R52.	Appendix A, 11.4.4.6.3, pages 28-29	Contract, Section 11.4.4.6.3, Customer Service ARU	Recommend that the State modify the Customer Service standards to those that are in the current Contract and allow the State Project Manager discretion to assess liquidated damages.	It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary. The state will not revert to the performance standards used in its current contract. However, the state has modified Table 3, Customer Service ARU Performance Liquidated Damages in RFP Appendix A, Model Contract, Section 11.4.4.6.3, Customer Service via ARU.

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R53.	Appendix A, 11.4.4.6.5, pages 29-30	Contract, Section 11.4.4.6.5, Settlement and Reconciliation	Recommend that the State change "shall" to "may" and leave the decision to assess liquidated damages to the discretion of the State Project Manager.	It is the position of the CDSS and the OSI that liquidated damages for this contract are nondiscretionary.
R54.	Appendix A, 11.4.4.6.6, page 30	<p>Contract, Section 11.4.4.6.6, Settlement and Reconciliation Reports</p> <p>The Contractor shall perform the tasks necessary to distribute all daily Settlement and Reconciliation Files and Reports in a timely manner. Settlement and Reconciliation Files and Reports shall include both Food Stamp Program and cash programs. Distribution of Files and Reports is considered timely if all Files and Reports are accurate and successfully transmitted to Counties and the State by 9:00 p.m. Pacific Time, following the end of the Settlement Day.</p> <p>If the Contractor does not meet the Performance Standard, the State Project Director shall assess liquidated damages in the amount of \$2,500 for each Day the Contractor fails to meet such Performance Standard.</p>	Recommend that these performance standards are modified to reflect those that are in the current Contract.	<p>The state will modify the deadline for file transmission to 11:00 p.m. Pacific Time. The modification will be included in an upcoming addendum.</p> <p>The state will not revert to the performance standards used in its current contract.</p>

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R55.	Appendix A, 11.6.2, pages 32-33	Contract, Section 11.6.2, Damages Amounts Following Acceptance of Transition Services, the State shall assess liquidated damages in accordance with Table 6 of this Contract Section, for Deficiencies not subject to specific amounts of liquidated damages as provided in Section 11.4.4 of this Contract.	Recommend that the State change the liquidated damages in this section to payment withholds with the same resolution standards and relief clauses that are in the current Contract.	As stated in RFP Appendix A, Model Contract, Section 11.6.2, Damages Amounts, deficiencies subject to specific liquidated damages (i.e., those listed in Contract Section 11.4) are not subject to the liquidated damages contained in Table 6 of Contract Section 11.6.2. Thus, the Contractor is not subject to two different damage amounts.
R56.	Appendix A Sec. 11.12.1	Contract, Section 11.12.1, Issuance of Stop Work Order	The Contract gives the State broad rights to implement a stop work order, but fails to consider potential staffing and cost impacts on Contractor. We therefore request that the Contract be clarified to say that in the event of a stop work order, Key Staff may be released by Contractor without penalty, and that Contractor will be entitled to equitable compensation for costs incurred during the stop work period.	The bidder is directed to review RFP Appendix A, Model Contract, Section 11.12.2, Cancellation of Stop Work Order. This section adequately addresses the bidder's concern regarding any additional compensation. The bidder is required to have Key Staff that meet contractual requirements. The terms regarding a stop work order provide enough specificity for the bidder to adequately plan for staffing issues.

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R57.	Appendix A Sec. 12.3.7	Contract, Section 12.3.7, Disagreement, Claims, and Termination Work Authorizations	The Contract states that if a Work Authorization can not be finalized within ten days, the State will have a unilateral and arbitrary right to impose the terms of such Work Authorization (including pricing and scheduling terms). While the bidder understands the importance of the Work Authorization process, we also believe that due process requires that all such amendments be negotiated to the mutual satisfaction of the parties. We therefore request that this section be stricken.	The actual provision states that “if the parties are unable to reach agreement within ten (10) Days of the Contractor’s response to a Work Authorization...” (emphasis added). The response is due ten (10) days following the request “or such longer time allowed by the State Project Director.” Further RFP Appendix A, Model Contract, Section 12.3.5, Good Faith, requires both parties to “negotiate in good faith.” Taken together these provisions provide a reasonable process by which the two parties can come to agreement. However, the state must have a mechanism to ensure that the needs of clients and other stakeholders are met without delay. The Contractor has the right to file a claim under the dispute process, thus ensuring that needed services are performed without unduly restricting the Contractor’s due process rights.
R58.	Appendix A Sec. 13	Contract, Section 13, Insurance	The bidder would like to negotiate certain minor adjustments to the insurance provisions to ensure consistency with existing policies.	Bidders are advised, except for an extraordinary situation, the state does not intend to negotiate RFP requirements or contract terms and conditions after submission of the final proposal. The last day to submit questions and changes to RFP requirements and/or contract terms was May 25, 2007 per RFP Section 1.10, Key Action Dates.
R59.	Appendix A Sec. 17	Contract, Section 17, Indemnifications	The indemnification clause fails to establish a standard of fault under which Contractor will be held liable. The Contract should therefore be amended to reflect that Contractor will only be required to indemnify the State for claims or actions directly attributable to	The indemnification clause is written as required by Department of General Services General Terms and Conditions, Form GTC 307. Further, the standard established by this clause is consistent with the current EBT contract and is not inconsistent with other EBT contracts throughout the nation.

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			<p>Contractor's negligent acts or omissions. Change:</p> <p>17.1.1 Acts or Omissions of Contractor</p> <p>The Contractor shall, at its expense, indemnify, defend, and hold harmless the State, including employees, officers, contractors, and agents from and against any losses, liability, damages, penalties, costs, fees, including, without limitation, reasonable attorneys' fees, or expenses from any claim or action <i>directly</i> caused by or arising from the <i>negligent</i> acts or omissions of the Contractor, its officers, employees, agents, or Subcontractors, including without limitation: ...</p>	
R60.	Appendix A Sec. 18	Contract, Section 18, Limitation of Liability	<p>The Contract fails to specify an aggregate limitation of liability. The bidder respectfully requests that the Contract be amended to include such cap. While specific contract language is proposed in the following column, we recognize that the cap amount is negotiable.</p> <p>Change:</p> <p>18.1 Aggregate Liability Cap and Consequential Damages</p> <p><i>Except for fees and amounts expressly due and payable to Contractor hereunder, in no event shall either party to this Agreement be liable to the other party hereunder for any claims, penalties or damages, whether in contract, tort, or by way of indemnification, in an amount</i></p>	<p>Given the enormity of the fiscal obligations undertaken by the bidder and that the system to be put in place is the Contractor's system, it is not in the state's best interest to place an aggregate limitation on liability. Any damages to be recovered are still subject to established principles of contract law.</p>

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			<i>exceeding the fees or other charges paid by State to Contractor during the twelve (12) months preceding the claim. This limit is cumulative and all payments under this Agreement will be aggregated to calculate satisfaction of the limit.</i> In no event will either the Contractor or the State be liable for consequential, incidental, indirect, special, or punitive damages, even if notification has been given as to the possibility of such damages, except as provided below.	
R61.	Appendix A Sec. 19.6	Contract Section 19.6, Termination for Convenience	Contract fails to specify a minimum notification period in the event of a termination for convenience. In the interest of fairness, and to provide Contractor with a reasonable opportunity to wind down a project of this magnitude, we request that 180 days prior notice be provided to Contractor.	As a state department subject to legislative, policy, and funding changes, the state is unable to commit to 180 days advance notice. However, the state will modify the contract to provide for a minimum of 30 days notice.
R62.	Appendix A Sec. 20.11	Contract Section 20.11, Counties are Independent Entities	The Contract provides that State is not liable for delays or failures caused by Counties. To avoid possible doubt, the agreement should be further clarified to state that Contractor will be entitled to (i) schedule adjustments, and (ii) waiver of any liquidated damages resulting from such delays.	RFP Appendix A, Model Contract, Section 20.11, Counties are Independent Entities, specifically states that "the Contractor shall not be liable for delays caused by the acts or omissions of a County unless the Contractor would otherwise be able to mitigate the effects of the delay caused by such acts or omissions." Further, Contract Section 11.4.3 specifically states that "Liquidated damages will not be assessed if the Contractor's delay or failure to timely perform its obligations was caused by factors beyond the reasonable control and without any material error or negligence of the Contractor, its Staff, or

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				Subcontractors.” It is the state’s position that these provisions adequately address the bidder’s concerns.
R63.	Appendix A Sec. 20.23.2	Contract Section 20.23.2, World Trade Organization	The Contract fails to specify what, if any, provisions of the WTO Agreement are applicable to this procurement. We therefore request that specific WTO agreement provisions be referenced in the contract, or alternatively, that this provision be stricken from the Contract.	Executive branch agencies in California, as well as the United States Department of Agriculture are explicitly required to procure governmental services subject to the World Trade Organization (WTO) agreements addressing that area. At a minimum, that provision of the WTO agreement is applicable. To the extent that other areas of the contract involve international trade, other areas of the WTO agreement may be applicable. Further information may be found at www.wto.org
R64.	Appendix A. Sec. 20.33	Contract, Section 20.33, Remedies	<p>The Contract states that all remedies are non-exclusive, thereby creating the risk of duplication of remedies. Such duplication would be fundamentally unfair to vendor with regard to liquidated damages and warranties. We therefore request that the Contract be modified as set forth in the next column.</p> <p>Change:</p> <p>20.33 Remedies</p> <p>No remedy conferred by any of the specific provisions of this Contract, <i>other than the liquidated damages and warranties</i>, is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute or otherwise. <i>Except as otherwise set forth above, the</i> The election of any one</p>	<p>The state is unclear how requiring the Contractor to re-perform, repair, or replace as appropriate a nonfunctional or noncompliant component of the system or service and requiring the Contractor to compensate the state for harm caused by the Contractor’s failure to meet performance standards is duplication of a remedy or fundamentally unfair.</p> <p>Further, it is not within the best of interest of the state and could potentially be seen as an impermissible gift of public funds for the state to arbitrarily give up its rights to any specific remedy.</p>

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			or more remedies by either party shall not constitute a waiver of the right to pursue other available remedies.	
R65.	Appendix A	Suggestion is to add an additional section to the contract	Recommend that the State add a new clause to the proposed Contract to specify that the Contractor can “earn back liquidated damages if no similar issues arise for at least the next 90 days after correction.”	The state will not add the requested section. The Contractor may reduce the level of risk by ensuring that its system is capable of consistently meeting or exceeding performance standards and should be able to, through its expertise in implementing and operating EBT systems, anticipate operating events that may place stress on its system.
R66.	Throughout the RFP	Wherever the term “hours” and “days” are used. Wherever the term “daily” is used.	Recommend that the State clarify what is meant by “hours” and “days” in a requirement if it doesn’t specify business hours or business days. For example, if the term “hours” is used and does not mean business hour then the Contractor may be obligated to complete a task in the middle of the night or is not provided with adequate time to complete the required task. Recommend that the State clarify when daily means “Monday through Friday” and when daily may mean “Monday through Sunday.”	RFP Appendix A, Model Contract, Section 1, Definitions, defines “days” and “business days.” The state feels that definitions of “hour” and “daily” are not necessary.